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REPORT

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United States
Department of
Agriculture
Foreign
Agricultural
Service
Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR-50-81

WASHINGTON, Dec. 16--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade.

GRAIN AND FEED

In MEXICO, expectations of a record large corn crop in 1981/82 have led to government decisions to curb imports. Grain imports are expected to be held to a minimum until at least mid-1982 when new crop prospects and consumption will be reassessed. Mexico's 1981/82 crop is currently estimated at 11 million tons. This second consecutive record corn crop is the result of favorable growing conditions which produced record yields. The area harvested, up roughly 6 percent above last year's level, also set a new record. New areas were planted to corn this year, plus producers also switched some traditional sorghum areas to corn.

SOUTH AFRICA's corn exports set a new record of about 1.4 million tons in the July-September 1981 quarter. This is about 60 percent above last year's levels. Movement during the October-December quarter is estimated at approximately 1.2 million tons, also a record for the period. However, an average of about 500,000 tons per month will have to be exported for the remaining months of the 1981/82 marketing year (May-April) in order to meet the Maize Board's export target of 5.3 million tons. This recent export pace is unlikely to be sustained. During the record July-September quarter, the 500,000-ton-per-month level was approached only once, and expectations for January are indicated to be under 400,000 tons. South African corn exports are still expected to reach a record level, but are more likely to be somewhat below 5 million tons.

INDIA has negotiated a contract for about 750,000 tons of Australian wheat for shipment during the next three to four months. This is the first Australian wheat sale to India since 1976/77, when almost 1.3 million tons were exported.

In the 1981/82 year, India has already purchased approximately 2.3 million tons of wheat, including 1.55 million from the United States. Additional purchases will depend on the level of stocks India desires to obtain and its outlook for the domestic wheat crop next spring.

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THAILAND's 1981 rice crop is now estimated at 19.5 million tons (rough basis), an increase of 1 million tons from last month's estimate and 5 percent above the 1980 level. The boost in estimated production is a result of slightly larger than expected plantings of 9.8 million hectares, combined with improved growing conditions associated with the main season crop. Thailand's rice crop is comprised of the secondary or minor crop harvested during mid to late summer and the main season crop harvested during November-January. The main season crop accounts for about 90 percent of total rice output. With prospects for a large increase in rice production, rice stocks are expected to expand sharply.

THAILAND recently announced a series of policy changes aimed at making Thai corn and rice more competitive in world markets. Major steps include removal of export quotas on corn and rice, suspension of export price approval and a 50-percent reduction in export reserve requirements for rice. Exporters also have benefited from the Bank of Thailand's reduction in interest rates from 17 percent to the current 12.5 percent and extension of the pay-back period from 180 days to 360 days on re-discounts offered exporters on letters of credit.

The government also announced intentions to stimulate bulk commodity movement through a Ministry of Agriculture Committee that could barter export commodities for imports of agricultural inputs such as fertilizer. The Thais have considered bartering 300,000 tons of corn for 150,000 tons of Soviet fertilizer, about 50,000 tons of cassava for South Korean fertilizer, and 300,000 tons of corn for 150,000 to 170,000 tons of Romanian fertilizer. However, no barter agreements have been finalized.

SRI LANKA's 1981 rice production is estimated at 2.2 million tons (rough basis), an increase of 16 percent from last month's estimate and 6 percent over last year's crop. The total rice crop is comprised of the fall and spring harvested crops, the latter accounting for about 73 percent of the total crop. The spring crop is estimated at 1.56 million tons, well above the 1.45 million tons produced last year and the fall crop is placed at 644,000 tons, down slightly from 1980. Sri Lankan sources attribute rising production to greater incentives created by the private sector, which have led to an increase in the area under cultivation. Rice yields have remained relatively stable, averaging 2.55 tons per hectare since 1977. This year's large crop will likely result in a sharp drop in Sri Lanka's 1982 rice imports.

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MOROCCO's agricultural areas received much needed rainfall on Dec. 6 and 7. Fall rains, which normally begin in September, never arrived, causing serious delays in sowing winter grains. The recent rains have improved conditions in wheat and barley areas and plantings have begun again. Seasonal rainfall is far below normal and significant rains are still required for winter grain development.

INDONESIA'S 1981 rice production is now estimated at 32.6 million tons (rough basis), an increase of 10 percent over last year's crop. In recent years, rice production has shown significant increases, averaging 10 percent since 1977. Pests and diseases inflicted heavy losses to the rice crop during the mid-1970's, but the introduction of improved varieties which are more disease resistant and adaptable to the local environment are the primary reasons for the production boost. Average rice yields have increased from about 2.8 tons (rough basis) per hectare in 1977 to 3.55 tons in 1981--an increase of 25 percent.

OILSEEDS AND PRODUCTS

FISHMEAL PRODUCTION in the major producer-exporter countries increased to 1.34 million tons during January-September 1981--7 percent above the same period in 1980. However, fishmeal exports from the same countries dropped by 23 percent.

The production gain and the export decline have resulted in a significant increase in stocks, particularly in Chile and Peru. Total fishmeal output in September from the five major producer-exporter countries was 163,700 tons, compared with 112,100 tons in September 1980. Fishmeal exports from these countries during September 1981 amounted to only 108,200 tons, compared with 121,700 tons in September 1980. The data are as follows in 1,000 tons:

	January - September			
	1980		1981	
	Production	Exports	Production	Exports
Chile	392.5	308.5	492.4	276.1
Iceland	107.4	107.8	77.9	73.7
Norway	243.7	205.7	285.2	221.7
Peru	357.3	360.9	329.8	187.6
South Africa	147.3	11.1	150.5	4.2
Total	1,248.2	994.0	1,335.8	763.3
Quarterly data:				
Jan-Mar	456.9	336.6	374.7	202.8
Apr-Jun	467.1	347.0	499.6	289.0
Jul-Sep	324.2	310.4	461.5	271.5

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INDIA'S 1981/81 peanut crop is now forecast at 6.2 million tons, compared with an estimated 5.8 million for 1980/81. The forecast for the current year is based primarily on results of a private consultant group's survey of Indian farmers and traders for the fall harvested peanut outturn. Based on this group's survey during the second half of October, the 1981/82 fall harvested peanut crop is estimated at 5.16 million tons from 6.34 million hectares. In addition, the current outlook for the summer peanut crop also appears to be promising.

The 1981/82 rapeseed crop is now being planted in India. Favorable producer prices and good planting conditions are expected to result in an increase in area planted, compared with earlier expectations. The 1981/82 rapeseed crop is forecast at 2.2 million tons, up slightly from last year's high level of 2.15 million tons.

DAIRY, LIVESTOCK AND POULTRY

JAPAN'S Ministry of Agriculture, Forestry and Fisheries recently announced that beef import quotas for the second half of Japan's 1981 fiscal year (October 1981-March 1982) had been set at 58,800 tons, 4,000 tons lower than last year's second-half quota. The general quota of 51,000 tons for this year's second half absorbed the entire decrease. Japanese beef import quotas for the entire 1981 fiscal year are set at 126,800 tons, 6 percent or 8,000 tons below last year's levels.

In the first nine months of this year, Japan's beef production expanded 14 percent over the same period in 1980. Although beef consumption has recovered somewhat from last year's decline, it has failed to show significant growth from levels of two years ago. As a result, stocks of imported beef held by the quasi-official Livestock Industry Promotion Cooperation (LIPC) have soared to a record 36,000 tons. To encourage greater consumption of beef in Japan, LIPC has lowered its release floor prices on imported beef. This is the minimum prices at which beef is auctioned off and delivered to designated purchasers. Also, this is the first time that beef release floor prices have been reduced since beef was brought into Japan's price stabilization system for livestock products in 1975.

During January-October 1981 Japanese beef imports fell almost 6 percent to 101,725 tons. Australian shipments, which recently have accounted for about three-fourths of Japan's beef imports, have suffered the most because that type of lean beef competes directly with the rapidly expanding supply of domestic dairy steer beef. U.S. shipments, consisting primarily of high-quality fed beef, have actually climbed almost 5 percent in the first ten months of 1981 because of an MTN agreement which provides for steadily higher imports of high-quality beef through Japan's 1983 fiscal year.

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In SOUTH KOREA, the growth in demand for beef and dairy products continues to recover from last year's recession. The Ministry of Agriculture and Fisheries (MAF) has raised the beef cattle import ceiling for 1981 to 25,000 head, an increase of 5,000 over the level set in August. MAF anticipates a ceiling of 10,000 head for 1982, although the actual level has not yet been determined. The beef cattle import ceiling applies to both breeding stock and feeder cattle.

MAF currently is issuing import permits for 1,500 dairy cattle and has set a tentative dairy import quota of 3,500 head for 1982. Previously, MAF had expected to issue import permits for 3,000 dairy cattle in 1981, but dairy farmers have culled less cows than expected in an effort to meet the rising demand for dairy products. MAF has revised its import policy to allow imports of only registered animals in order to encourage higher quality imports and faster improvement of South Korea's dairy herds.

In FRANCE, milk cow yields expanded over 24 percent during 1975-81. Milk production per cow is expected to be very near 4,000 kilograms in 1981. In an attempt to offset higher production costs. Improved feeding and breeding are largely responsible for the increase in French dairy productivity. For comparison, milk yields in the United Kingdom and West Germany are 4,800 and 4,500 kilograms, respectively. The sharp rise in French productivity has allowed milk production to expand 14 percent, while dairy cow numbers decline by 8 percent. A further decline in cow numbers and an expansion in yield are expected in 1982.

EUROPEAN COMMUNITY (EC) broiler production is likely to continue expanding in 1982 as breeding stock placement numbers remain above year-earlier levels. Placement of broiler breeding stock during January-June 1981 rose 9 percent over the similar period a year earlier.

In the EC, a sharp increase of 16 percent in egg chick placements occurred in August. Although levels in August of last year were unusually low, placements are trending upward as indicated by a 6-percent increase in July. All countries showed a sharp rise in August except Denmark, one of the smallest EC producers. The Netherlands, a major exporter of eggs, and Italy placed over 30 percent more eggs in August, compared with the same months of 1980. Industry expansion is evident in other large EC producers with placements in August, compared with year earlier levels, up 7 percent in France and the United Kingdom and 6 percent in West Germany.

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TOBACCO

BULGARIA's 1981 oriental tobacco production is estimated at 100,000 tons, a decline of approximately 10 percent from the preceding year's level. Production is faced with dual problems of contending with blue mold and with developing adequate irrigation systems. During the 1981 drought, according to Bulgarian sources, crops other than tobacco were given priority in using available irrigation water, consequently, tobacco production suffered. Bulgarian official data reveal a slow but steady decline in production of oriental tobacco. Because of growing demand for flue-cured and buredly tobacco and high labor inputs for oriental, emphasis has been increasing on production of broad leaf varieties.

HORTICULTURAL AND TROPICAL PRODUCTS

Members of the INTERNATIONAL SUGAR AGREEMENT (ISA) have agreed to extend the agreement for two years beyond its scheduled expiration of Dec. 31, 1982. At the mid-November meeting, ISA members also agreed to set up a committee to improve the agreement's operation through rule changes. At the same time, the International Sugar Organization, the ISA's administrative body, will hold talks with the EC in an effort to coordinate sugar policies. EC membership in the ISA is believed to be essential for successful stabilizing of world prices.

Price discussions between importers and exporters reached an impasse at the November meeting. However, some exporters indicated they might call for a special review of the subject if the United States adopted a sugar program similar to the one now being discussed in the U.S. Congress.

At the November meeting, a 1982 global export quota for 12.9 million tons based on an estimate of world free-market import needs of 18.3 million tons was approved. In calculating the global export quota, the ISA assumed the EC would stock 2 million tons as previously indicated. In actuality, however, these are only paper quotas since no country's individual quota can be less than its basic export tonnage, which totals about 15.1 million tons. The next regular meeting of the ISA is scheduled for May 1982.

Delegates to the INTERNATIONAL COFFEE ORGANIZATION's Dec. 3-4 executive board meeting denied requests by eight producing countries to redistribute export quotas for coffee year 1981/82. Opposition to the requests, which originally asked for the redistribution of 1.1 million bags to the first half of the year, was led by Colombia and Brazil. These members believe the requested redistribution could unsettle the market and bring about a cut in export quotas if prices fell below \$1.20 per pound. The matter will be taken up again by the ICO executive board at its Jan. 14-15 meeting.

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The WORLD COFFEE CROP for 1981/82 is now estimated at 96.9 million bags (60 kilograms each), up 12.6 million bags from the revised estimate of the 1980/81 outturn. This is the third USDA estimate for the 1981/82 crop and is 1.3 million bags larger than the second revised estimate released in October. (See Foreign Agriculture Circular, FCOF 5-81). The improved outlook in major African coffee producing countries is largely responsible for the upward revision in the current estimate of the 1981/82 world crop. Based on past performance, the chances are two out of three that the third estimate of total production will not vary more than 3.5 percent from the final outturn for the year.

South America's 1981/82 production is now estimated at 50.7 million tons, up 30 percent from the revised 1980/81 outturn. This significant increase largely reflects the excellent crop in Brazil, the largest since 1965/66. Compared with the second estimate of the 1981/82 crop, South America's coffee outturn is off slightly due largely to the downward revision in the production estimate for Colombia.

Central America's total crop is expected to be down about 400,000 bags to a total of 9.0 million bags for 1981/82. The decline reflects lower production expected in Costa Rica, El Salvador and Honduras, due in part to the off year in the biennial coffee yield cycle, as well as reduced utilization of fertilizer and other yield-improving inputs. In contrast, Mexico's production is estimated at 3.9 million bags, up 5 percent from last season.

Africa's total crop now is expected to be up in 1981/82 at 21.3 million bags, compared with 20.8 million bags last year. The upturn largely reflects improved crops expected in Uganda, Cameroon, Ethiopia, Madagascar and Kenya.

In Asia and Oceania, 1981/82 production is estimated at a record 10 million bags, compared with 9.6 million bags produced last year. A continuation of the long term production uptrend in India, the Philippines, Papua-New Guinea, and Indonesia largely account for the growth in regional output.

Total production estimates by region and principal producing countries for 1981/82 (with revised 1980/81 estimates in parenthesis) are as follows, in 1,000 bags:

Total South America: 50,688 (38,902); Brazil 32,500 (21,500); Colombia 14,000 (13,500); Ecuador 1,471 (1,417); Peru 1,250 (1,170) and Venezuela 1,110 (1,035).

Total Central America: 9,000 (9,393); Guatemala 2,600 (2,498); El Salvador 2,160 (2,601); Costa Rica 1,875 (2,023); Honduras 1,300 (1,265); and Mexico 3,900 (3,700).

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Total Caribbean: 1,940 (1,902); Dominican Republic 800 (850); and Haiti 550 (455).

Total Africa: 21,327 (20,786); Ivory Coast 5,200 (5,798); Ethiopia 3,333 (3,264); Uganda 2,500 (2,000); Cameroon 1,790 (1,750); Kenya, 734 (1,710), and Tanzania 1,050 (1,123); Madagascar 1,400 (1,150).

Total Asia (including Middle East) and Oceania: 10,059 (9,581); Indonesia 5,162 (5,162); India 2,500 (2,175); Philippines 835 (769) and Papua-New Guinea 950 (875).

Further details will be available in the FAS Circular, World Coffee Production and Trade, to be released in January.

In BRAZIL, the president of the Coffee Institute (IBC) announced on Dec. 2 the main points of that country's coffee marketing policy for 1982. Under the new policy, the government will continue to sign coffee supply contracts with foreign buyers. However, when pricing these contracts, a larger weight (65 percent) will be given Central American coffee prices relative to those for the Robustas (35 percent). In 1981, the two coffee types were given equal weight.

In addition, a limit will be placed on the volume and value of discounts given foreign buyers in the form of "avisos de garantia" for payment in kind. Growers support prices will be adjusted more frequently, possibly every quarter, on the basis of national currency devaluations. The "contribution quota" for green coffee exports will be unchanged at US \$50 per bag. Participation in the export quota allocations to growers' cooperatives will be extended, and the amount of credit available for the storage of coffee on farms, or in exporter warehouses will be increased.

WORLD COMMERCIAL GARLIC PRODUCTION for 1981 declined in all major producing countries except India. Total production is estimated at nearly 1.7 million tons, 14 percent below the 1980 level.

Production in South Korea dropped 39 percent to 154,000 tons due to drought-reduced yields and to a 30-percent drop in planted area. Unfavorable prices paid to producers as a result of a large crop in 1980 and large carry-over stocks from the record 1979 crop, lead to the reduced area.

In Spain, drought also reduced the crop 30 percent below the 1980 level of 218,000 tons, the smallest level since 1971. More profitable cultivation of vegetable crops caused growers to reduce Egypt's garlic area by 23 percent, thereby, resulting in an 19-percent drop in production to 162,000 tons. Garlic production in India is estimated at 240,000 tons, up 15,000 from the preceding year.

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WORLD COMMERCIAL ONION PRODUCTION for 1981 is estimated at 16.6 million tons, up 2 percent from the 16.3 million tons produced in 1980. Production increased by a third in Poland to 400,000 tons, compared with a 1976-80 average of 353,000 tons. The Netherlands and Italy increased production by 14 percent and 5 percent, respectively, to lead the EC to a 5-percent increase to 1.7 million tons. Production increased in Canada, Mexico and the United States to a total of 2.1 million tons, in Turkey to 1 million tons and in Spain to 963,000 tons.

Cotton

In the SOVIET UNION, latest progress reports on cotton harvesting, which is nearing completion, indicate a slight production increase--from 13.7 million bales to 13.9 million bales. This compares with last year's record level of 14.3 million bales. The harvest reportedly is complete now in the major producing republics of Uzbekistan, Azerbaidzhan and Kazakhstan. In the other cotton republics, harvesting is nearing completion under favorable weather conditions.

RECENT FOREIGN AGRICULTURE CIRCULARS

Southern Hemisphere Crops Continue Favorable Development WCP 12-81
Export Markets for U.S. Grain and Feed Commodities, FG 43-81
1981 Soviet Grain Estimate Unchanged 1/, FG 44-81
World Livestock Numbers, Slaughter, Red Meat Production,
Consumption and Trade 1978-82, FLM 7-81
Monthly Data on Meat Imports--October 1981, FLM MT 22-81
Exports Increase While Imports Decrease for January Through
September 1981, FLM MT 23-81
Imports Increasing in October, FD 8-81
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World Sugar Supplies Plentiful in 1981/82, FS 2-81
Increase Forecast for Mediterranean Citrus Exports, FCF 5-81

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	:	Dec. 15, 1981	:	Change from	:	A year
	:		:	previous week	:	ago
	:		:		:	
		\$ per		¢ per		\$ per
		m. ton		bu.		m. ton
Wheat						
Canadian No. 1 CWS-13.5%.....	7/	221.00	7/	-17	7/	1/
U.S. No. 2 DNS/NS: 14%.....		197.00		-14		228.50 7/
U.S. No. 2 DHW/HW: 13.5%.....		205.00		-11		238.00
U.S. No. 2 S.R.W.....		184.00		-8		225.00
U.S. No. 3 H.A.D.....	7/	195.00	7/	-11	7/	274.00 7/
Canadian No. 1 A: Durum.....	7/	218.00	7/	-6	7/	1/
Feed grains:						
U.S. No. 3 Yellow Corn.....		119.00		-10		178.00
U.S. No. 2 Sorghum 2/.....		134.00		0		189.00
Feed Barley 3/.....	7/	148.00	7/	-2		1/
Soybeans:						
U.S. No. 2 Yellow.....		255.50		-32		318.50
Argentine 4/.....	7/	264.50	7/	-30	7/	1/
U.S. 44% Soybean Meal (M.T.)..		234.00		-9.00	5/	291.00
EC Import Levies						
Wheat 6/.....		77.90		-9		61.85
Barley.....		77.35		-11		39.40
Corn.....		108.90		-3		77.15
Sorghum.....		96.20		-8		59.50

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: Canadian Feed Barley.

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

7/ April/May delivery

Note: Basis Jan. delivery.

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